

R. J. Reynolds Tobacco Company  
New Jersey Chain Division

G. N. Kuruc, Jr.  
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Raritan Center  
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November 20, 1997

Mr. Kevin Miller  
Grand Union Company  
201 Willowbrook Boulevard  
Wayne, NJ 07470

Dear Kevin:

I would like to reiterate a few key points regarding our meeting on November 12:

- RJR's weekly average volume in your stores currently stands at 30 cartons. The minimum weekly average to qualify for a Retail Partners Contract is 80 cartons.
- Your annual case shipments have steadily declined over the past six year period since signing a Philip Morris Exclusive Merchandising Agreement.
- The Supermarket Segment has also markedly declined in volume over the same period due to de-emphasizing the Category. Bottom line, Supermarkets have made it very difficult to purchase cigarettes, at the same time Convenience Stores have captured a major share of the market.
- We would be willing to test some new concepts in some of your larger stores. This should include the "store within a store" setup. This, of course would require adequate space to merchandise packs, cartons, and promotions. I'm relatively sure that Lorillard and B&W would also be willing to participate.

I think you'll agree that drastic action must be taken to revitalize the Cigarette Category in Grand Union Stores. Overhead package merchandisers, and cartons locked in service centers continue to make the cigarette shopper unwelcome.

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Please let me know if you have any interest in pursuing a possible merchandising test in 1998.

Best Regards,

*Nick*

G. N. Kuruc, Jr.

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## TRANSMIT CONFIRMATION REPORT

NO. : 005  
RECEIVER : 2018906588  
TRANSMITTER : R.J.REYNOLDS TOB 12  
DATE : NOV 20'97 11:28  
DURATION : 00'56  
MODE : STD  
PAGES : 02  
RESULT : OK

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